

MIDAS HOLDINGS LIMITED

(Company Registration No.: 200009758W)

RESPONSE TO SGX-ST'S QUERIES

The following information is provided in response to queries raised by the SGX-ST relating to the announcement by Midas Holdings Limited (the "**Company**") dated 12 December 2017 in connection with additional debt arrangements by the Company (the "**1st Announcement**") and the announcement by the Company dated 15 December 2017 in response to the queries by the SGX-ST dated 12 December 2017 (the "**2nd Announcement**" and together with the 1st Announcement, the "**Announcements**").

All terms and expressions used but not otherwise defined in this response shall have the meanings attributed to them in the Announcements.

SGX-ST Query 1:

We note that the Company stated in the 1st Announcement that "LakeForest Capital Limited will not obtain any commercial benefit for entering into the Chongqing Pledge". Please disclose if LakeForest Capital Limited is given any benefit, commercial or otherwise, for entering into the Chongqing Pledge that could have an impact, directly or indirectly, on the Company and/or its subsidiaries.

Company's Response to SGX-ST Query 1:

As mentioned in the 1st Announcement, the substantial shareholder of LakeForest Capital Limited is a personal friend of the Guarantor. Due to good relations between the two individuals, LakeForest Capital Limited entered into the Chongqing Pledge as a personal favour to the Guarantor and is not given, and will not be given, any benefit, commercial or otherwise, that could have an impact, directly or indirectly, on the Company and/or its subsidiaries (the "**Group**").

SGX-ST Query 2:

Please clarify whether the Existing Noteholders and/or their subsidiaries (collectively, the "**Entities**") are existing suppliers or existing customers of the Company and/or its subsidiaries and:-

- (a) If the Entities are not existing suppliers, what is the nature of the supply agreements and/or contracts entered or to be entered between the subsidiaries of the Company with the subsidiaries of the Existing Noteholders?
- (b) If the Entities are existing suppliers, please explain the rationale for the performance deposit?
- (c) If the Entities are existing customers of the Specified Subsidiaries, what is the rationale for factoring receivables due and payable from the Entities to the Specified Subsidiaries?

Company's Response to SGX-ST Query 2:

CRRC Corporation Limited which is listed on both the Hong Kong and Shanghai Stock Exchange is the holding company of the Existing Noteholders. The subsidiaries of CRRC Corporation Limited are major existing customers of the Group (including the Specified Subsidiaries). The Supplier Contracts are entered into between the Specified Subsidiaries and the CRRC Subsidiaries to which the Specified Subsidiaries agrees to supply aluminium products to the CRRC Subsidiaries.

Proceeds received from the factoring of receivables which may be due and payable from time to time by the CRRC Subsidiaries under the Supplier Contracts shall be payable into a designated account by the existing Noteholders (such deposited proceeds, the "**Deposited Proceeds**"). The Deposited Proceeds are intended to function as refundable performance deposits in respect of the obligations owed by the Company to the existing Noteholders under the Notes. Accordingly, the rationale for such factoring of receivables is to provide additional comfort required by the existing Noteholders in connection with their agreement to extend the maturity date of the Series 003 Notes at that relevant point of time.

SGX-ST Query 3:

Please clarify whether the Guarantor received any financial benefits (directly or indirectly) from the Share Charge.

Company's Response to SGX-ST Query 3:

The Guarantor has not received any financial benefits (directly or indirectly) from the Share Charge.

The Guarantor is a substantial shareholder of the Company and, as a stakeholder of the Company, has vested interests in the performance of the Company. The Guarantor is of the view that his entry into the Share Charge is aligned with his commercial interest in maintaining the value of the stake he holds in the Company.

BY ORDER OF THE BOARD
Midas Holdings Limited

Chew Hwa Kwang, Patrick
Executive Director
And Chief Executive Officer
22 December 2017